

10 NOV -9 AM 1:31



STATE OF HAWAII
DEPARTMENT OF PROCUREMENT SERVICES

STATE PROCUREMENT OFFICE NOTICE OF AND REQUEST FOR EXEMPTION FROM CHAPTER 103D, HRS

1. TO: Chief Procurement Officer
2. FROM: High Technology Development Corporation

Department/Division/Agency

Pursuant to §103D-102(b)(4), HRS, and Chapter 3-120, HAR, the Department requests a procurement exemption to purchase the following:

3. Description of goods, services or construction:

Development and demonstration of Advanced Transportation and Alternative Energy Technologies under a U.S. Air Force funded program to evaluate performance of these technologies at the National Demonstration Center for Alternative Fuel Vehicles at Joint Base Pearl Harbor-Hickam for use in ground vehicle fleets and aerospace ground support equipment. This program is funded solely by federal funds. No State general funds are utilized in this program. The \$20,000,000 in Section 5 is cumulative over the four years of the requested exemption.

A prior exemption was granted for three years. Due to the extended period of research and development projects and multi-year funding received, this request is for a four-year exemption.

4. Name of Vendor: Various - selected by the Air Force

Address:

5. Price:

\$20,000,000

6. Term of Contract: From: 01/01/11 To: 12/31/14

7. Prior Exemption Ref. No.
08-024-J

8. Explanation describing how procurement by competitive means is either not practicable or not advantageous to the State:

The Hawaii Center for Advanced Transportation Technologies (HCATT), a project of the State's High Technology Development Corporation (HTDC), was selected by the Air Force to manage this program, based on its management of a consortium of organizations in the alternative fuel vehicle industry with the capability of meeting U.S. Air Force requirements to provide the latest fuel efficient and environmentally compliant technologies for demonstration and evaluation as candidates for Air Force support equipment and ground vehicle fleets. The program, by nature, focuses on contracting with an established consortium of designated organizations.

(Please see attached continued sheets)

9. Details of the process or procedures to be followed in selecting the vendor to ensure maximum fair and open competition as practicable:

The Air Force funding office conducts an annual planning session with HCATT to determine the technology projects that are to be pursued for the coming year. Following this session, the solicitation process is initiated, wherein HCATT solicits the already identified, and Air Force approved, HCATT members for white papers. The Air Force encourages competition among the consortium members, as these consortium members have already been recognized as having capability to meet the military's requirements for the designated advanced technologies. The white papers are evaluated by the Air Force and HCATT. The Air Force determines the evaluation criteria, which will vary based on the nature of the technology development and demonstration project. Following this evaluation, the Air Force makes a final selection of projects to be funded and designates which organizations should submit full proposals for funding.

10. A description of the agency's internal controls and approval requirements for the exempted procurement:

HCATT is a federally funded program managed by HTDC. HTDC awards State contracts for the selected projects and complies with all State contracting procedures. HTDC employs a Contracts Administrator, well-versed in procurement policies, to ensure compliance. Following selection of projects by the Air Force, potential contract awards are reviewed and approved by the HTDC Board of Directors.

REQUEST FOR EXEMPTION FROM CHAPTER 103D, HRS (Cont.)

12. A list of agency personnel, by position, who will be involved in the approval process and administration of the contract:		
Name	Position	Involvement in Process
Kristy Carpio	Contracts Administrator	<input type="checkbox"/> Approval <input checked="" type="checkbox"/> Administration
Thomas Quinn	HCATT Manager	<input type="checkbox"/> Approval <input checked="" type="checkbox"/> Administration
Yuka Nagashima	Executive Director & C.E.O.	<input checked="" type="checkbox"/> Approval <input type="checkbox"/> Administration
Officers and Directors	HTDC Board of Directors	<input checked="" type="checkbox"/> Approval <input type="checkbox"/> Administration
(see attached)		<input type="checkbox"/> Approval <input type="checkbox"/> Administration
		<input type="checkbox"/> Approval <input type="checkbox"/> Administration

13. Direct inquiries to:	Department: DBEDT/HTDC/HCATT
	Contact Name: Thomas Quinn
	Phone Number: 808-594-0100
	Fax Number: 808-594-0102

Agency shall ensure adherence to applicable administrative and statutory requirements

14. *I certify that the information provided above is, to the best of my knowledge, true and correct.*



Department Head

11/05/2010
Date

Reserved for SPO Use Only

15. Date Notice Posted 11-9-10

The Chief Procurement Officer is in the process of reviewing this request for exemption from Chapter 103D, HRS. Submit written objections to this notice to issue an exemption from Chapter 103D, HRS, within seven calendar days or as otherwise allowed from the above posted date to:

Chief Procurement Officer
State Procurement Office
P.O. Box 119
Honolulu, Hawaii 96810-0119

Chief Procurement Officer's comments:

This approval is for the solicitation process only, HRS section 103D-310(c) and HAR section 3-122-112, shall apply. These awards are required to be posted on the Awards Reporting System.

16.



APPROVED



DISAPPROVED



NO ACTION REQUIRED


Chief Procurement Officer

12/2/2010
Date

Continuation sheet for Section 8: "Explanation describing how procurement by competitive means is either not practicable or not advantageous to the State."

The HCATT Consortium was established in 1993 under a Department of Defense (DOD) Program to develop and demonstrate electric and hybrid vehicle technology. In the FY 93 Defense Appropriations Bill, Hawaii was designated to manage one of seven regional consortia, participating in the DOD Program. The other consortia were managed by private, non-profit corporations, which were not encumbered by bureaucratic policies and procedures, and could expeditiously initiate the federally mandated projects. In order to compete effectively with the non-profit organizations, the State tasked the High Technology Development Corporation (HTDC) to manage the Hawaii consortium, since HTDC was established to accelerate the development of technology and was exempted from 103D, HRS, by the State Legislature. During the first two years, participation in the consortium was established through a solicitation process. Broad Agency Announcements for technology proposals were released through public media. The organizations that responded in the early years became the initial consortium members. Because this was a national program involving seven regional consortia, organizations became members of more than one consortium and a recognized group of industry experts was established. In subsequent years, Requests for Proposals were sent out nationwide by the seven consortia management offices to all the participating members. For the Hawaii consortium, that responsibility rested with HCATT (formerly HEVDP) as the agent of HTDC in charge of the federal program. As technology evolved, so did consortium membership, and it continually changes. Some organizations drop out and others are added. These changes are based on past performances and future potential. As new participants are identified, they are included in the solicitation process.

The Air Force chose HCATT to manage this current program based on its skills and performance in managing the consortium under the initial DOD program and HCATT's relationship with and proximity to Joint Base Pearl Harbor-Hickam. Through attendance at national conventions, symposia, conferences, etc., the Air Force identifies organizations with the technical capabilities to participate in this program and advises HCATT accordingly. These organizations, if not already members, are added to the HCATT Consortium. Consortium membership changes continuously based on the evolution of technology within this industry. Consortium members are not "dues paying" members. They are simply a recognized body of technology experts who have successfully demonstrated the capability to participate in these federally funded advanced transportation technology projects. Some projects require partnering by two or more members in order to accomplish the goals of the project. Consortium membership facilitates these partnerships. Consequently, to receive federal funding under this program, an organization must be identified as a consortium member as established above.

The Air Force funding office conducts an annual planning session with HCATT to determine the technology projects that are to be pursued for the coming years. Following this session, the solicitation process is initiated, wherein HCATT solicits the already identified HCATT members for white papers. The Air Force is silent on the issue of requiring HTDC to adhere to specific State procurement practices. They neither direct HTDC to comply nor not to comply. However, the Air Force encourages competition among the consortium members, and therefore does not want to add additional requirements that would cause undue delay in the execution of contracts to accomplish the selected projects. These consortium members have already been

Continuation sheet for Section 8: "Explanation describing how procurement by competitive means is either not practicable or not advantageous to the State:"

recognized as having the capability to meet the military's requirements for the designated advanced technologies. The white papers are evaluated by HCATT and the Air Force. The Air Force determines the evaluation criteria, which will vary based on the nature of the technology development and demonstration project. Following this evaluation, the Air Force makes a final selection of projects to be funded and designates which organizations should submit full proposals for funding.

The Air Force funds HCATT through a Miscellaneous Obligation/Reimbursement Document (MORD), AF Form 406. The MORD provides specific guidelines that generally fall into two categories: (1) organizations specifically designated by the federal funding agency to perform the work required; and (2) projects designated based on white papers (pre-proposals) submitted from HCATT consortium members. Based on projects listed in the MORD, HCATT submits an Invoice, which is paid by EFT from the Air Force to HTDC and deposited directly in the State account for HTDC. Funding is provided to the selected participants through State contracts issued by HTDC. The HTDC Board of Directors has fiduciary responsibility for expenditures by HTDC so they also review the selected projects to ensure HCATT is complying with the Air Force requirements, and the Board must grant approval before a contract is awarded. However, the HTDC Board of Directors cannot approve a contract for award unless it has previously been selected and approved by the Air Force.

A new MORD is issued to HTDC for each federal fiscal year to fund the R&D projects. The funds generally cover a two year period; however, funds carry over into subsequent years. Current annual federal funding level is \$6,000,000 and it is anticipated that it will either remain at this level or increase, since the source for this funding in the DOD Appropriations Bill has increased. R&D projects often extend beyond the initial contract period requiring amendments to the contracts which could possibly extend beyond the initial term of the contract and a three-year exemption period. Based on prior experience and to minimize follow-on requests for exemption, an exemption of four years is practical. Having the exemption was the basis upon which HTDC was chosen to participate in this federal program, and the lack of an exemption will significantly impair its ability to expeditiously execute contracts in support of decisions and selections made by the federal funding agency. Under the Air Force program, there remains a nucleus of qualified consortium members, who are solicited to submit white papers and proposals for the designated technologies that are reviewed by both HCATT and the Air Force, with final selection of projects made by the Air Force. This has been an effective and collaborative competition that enabled these programs to achieve the successes they have over the years.

**HIGH TECHNOLOGY DEVELOPMENT CORPORATION
BOARD OF DIRECTORS**

**Assumpta C. Rapoza
Chair**

**Sharon M. Wong
First Vice Chair**

**Brian J. Goldstein
Second Vice Chair**

**John H. DeLong
Secretary / Treasurer**

Barbara A. Annis, Rep for Budget & Finance Director Georgina K. Kawamura (Ex-Officio)

DBEDT Director Theodore Liu (Ex-Officio)

John Morton, Ph.D (Rep for UH)

Craig I. Nakanishi, Esq.

Richard M. Rosenblum

Eric B. Yee